

January 3, 2002

Ms. Gloria Blue
Executive Secretary
Trade Policy Staff Committee
Office of United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ms. Blue:

National Metalwares, I.p. is a small, privately owned manufacturing company located in Aurora, Illinois. Our 300 employees are engaged in the production and fabrication of steel tubing. We provide many well known U.S. manufacturing companies with finished steel components, used in a variety of consumer products and commercial and institutional furniture applications (including classroom furniture).

The plant employees of National Metalwares, I.p. are members of Metal Polishers, Buffers, Platers, and Allied Workers Conference of the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers.

Steel cost is the largest, single component of our manufacturing costs and ranges from 25% to 75% of every sales dollar, dependent upon product. Steel costs represent approximately 46% of our total cost of goods sold.

We are vigorously opposed to the implementation of the duties on imported steel recommended by the commissioners of the ITC. If implemented, these tariffs would seriously undermine the competitiveness of the U.S. steel consuming manufacturing base and serve to destroy more jobs than the proponents of the tariffs hope to preserve. Implementation of these tariffs has the potential to destroy the very customer base the U.S. steel industry depends upon. It poses a serious threat to our company and all of its employees.

As you analyze this very difficult and complex matter, please exercise caution and weigh the risks of serious unintended consequences. If the recommendations of the commissioners of the ITC are implemented, many of our employees and thousands more at other manufacturing companies are likely to lose their jobs. Please consider the following points during your deliberations.

- * Placing tariffs on imported steel will increase costs for U.S. steel consuming manufacturers, providing offshore competitors with a significant cost advantage. Any excess, lower cost steel will be converted into finished products or components, entering the U.S. with preferential or no duty rates.
- * Since 1998, we have observed a rapid acceleration in our customer base sourcing offshore. The anti-dumping duties imposed on steel that year were key drivers in their efforts. The current Section 201 investigation and the uncertainty it has created has triggered even more aggressive offshore sourcing. Our customer base is compelled to make contingency plans to avoid the potential cost increases, should the recommended tariffs be imposed.

We have invested aggressively in our company to remain competitive. The efforts and skills of our employees, combined with the investment in capital equipment, have enabled National Metalwares to continuously improve productivity and product quality. We welcome competition and successfully compete against international sources. I am concerned and convinced that the implementation of the tariffs, as proposed, will cause our company to become noncompetitive with offshore manufacturers. In all of our business planning, we have never contemplated the possibility that a single decision by our own federal government would

severely undermine or destroy our competitive position in the markets we serve. Please weigh these facts carefully as you deliberate on this matter.